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U.S. Works Projects Administration
Title:
Survey of the laundry industry
Place:
New York
Date:
[1937]

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SURVEY OF THE LAUNDRY INDUSTRY

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FOREWORD

The material presented in this survey was prepared in cooperation with several New York locals of the Laundry Workers International Union (AFL). It is intended for the use and information of teachers of the Workers Education Project who are engaged in educational work in that union. Its value to those in the general field of workers education and to labor organizations interested in minimum wage legislation is self-evident and it is published in the hope that it may be of service in this wider field.

Maxwell Hurwitz

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A SURVEY OF THE LAUNDRY INDUSTRY

I. General Characteristics of industry to 1929

Not until well into the nineteenth century was there any radical change from the old custom of hand laundering performed as a separate task in each home. By 1860 there were a few steam laundries in Great Britain and the United States; these increased in number toward the close of the century. The first wash wheel, the prelude to many mechanical appliances necessary for the power laundry industry, was patented in the United States in 1863. Early patronage came from shops and hotels, while the first items relinquished to laundries by house-wives were men's shirts and collars, difficult to do at home because of the elaborate starching required. Laundering in the United States as well as in European countries was until 1915 chiefly a shirt and collar business with a slowly growing family trade. The wet wash service which washes clothes and returns them damp, was started in New England about 1910 and spread from there to New York and Chicago. Eight years later laundries began to offer in addition to the wet wash a flat work service for a small extra charge and about 1920 came the rough dry service (flat work processed, wearing apparel washed, dried and starched if desired). Today there are seven recognized types of service, representing a considerable range of expensiveness. These services, carefully designed to meet varying requirements, have drawn forth an increasing volume of family bundles.

Receipts for work done by power laundries reporting to the United States Bureau of the Census (excluding "hand" laundries even though they use some power equipment) rose from $104,680,000 in 1909 to $541,158,000 in 1929 (excluding in 1929 establishments doing less that $5,000 annual business). These figures are an underestimate, as at least one seventh of the laundries and even more of the cleaning and dyeing establishments failed to make census reports. The minimum of $742,000,000 spent in 1929 for cleaning, dyeing and laundry work, equal to more than one tenth of expenditures on the purchase and operation of privately owned automobiles, indicates the scope of the industry and the impressive change in the habits of consumers.

The laundry and dry cleaning industry is composed of essentially small scale enterprises because of the character of the service and the rapid expansion, which attracted many petty entrepreneurs. This is particularly true in Europe, where the majority of laundry and dry cleaning establishments are in the hands of small individual owners. In the United States, however, the tendency is increasingly toward corporate ownership. In 1919, 60 per cent of the total volume of power laundry business was done in plants of corporate enterprises, and the proportion rose to 74 per cent in 1929. The individual owner in the dyeing and cleaning business, on the other hand, remains relatively stronger; only 51 per cent of the business in 1919 and 56 per cent in 1929 were done by corporate establishments. The corporate units, it is true, are not very large but there is a distint trend toward concentration and combination. This is apparent in the increasingly large size of plants, a development which is more marked in laundries than in dyeing and cleaning establishments. The increase in the number of cleaning and dyeing establishments has more nearly kept pace with the increase in horse power used and wages paid than in the case of laundry plants, indicating more small competing establishments than in the power laundry business. Nevertheless, concentration is increasing in both branches of the industry. The percentage of total

business done by establishments having an annual volume of less than $20,000 has decreased, while that done by establishments with an annual volume of over $100,000 has increased supstantially, the latter figure in 1929 was 64 percent for laundries and 40 percent for cleaning and dyeing establishments.

The development of the laundry industry has been closely linked with technical improvements in the manufacture of textiles. Research in textiles and chemicals has constituted a major part of the program of the American trade associations, the chief evidence being the $750,000 plant at Joliet, Illinois, which houses the American Institute of Laundering.....These institutes conduct chemical and engineering research, operate commercial proving plants and vocational training schools and solicit cooperation from textile manufacturers.

The laundry industry in the United States, according to the 1929 Census of Manufactures, employs over 230,000 wage earners, a twofold increase over 1909. Despite the introduction of machinery a great portion of the work requires but limited training and skill. The sorting, folding and even ironing of the clothing is relatively easy work. The substances handled and the processes accomplished are but partially changed from home methods and thus women from the home readily adapt themselves to the work. Because laundering is a service industry, laundry plants are widely distributed, thus utilizing surplus labor in all areas and prohibiting the concentration of workers in a particular region. All these factors contribute to determine the type of labor force. Women of advancing years knowing no other work than that of the home or unable to perform more difficult tasks are able to find laundry work near their homes. In 1929, 67 percent of the wage earners were women, a decrease from 71 percent in 1919. Negro women because of custom and lack of training and opportunity are especially barred from many other occupations and as a consequence constitute over 25 percent of the laundry workers; they receive considerably lower wages than white women workers.

The competitive disadvantages of the workers, the decentralization of the industry and the physical nature of the work combine to produce and perpetuate many unsatisfactory working conditions, although there have been some improvements. Work in the wash rooms, often concentrated in the early days of the week, is done largely by men, is very heavy and is usually performed in high temperatures and great humidity. These conditions may result in cardiac strain with serious results. The ironers are for the most part women, and there is a tendency for their work to be concentrated later in the week after washing and drying are completed, here the excessive temperature and humidity give a predisposition to atrophic condition, conjunctivities, dizziness and headache. It has been found that the long hours of standing, the working of treadle machines and the carrying of heavy stacks of clothes are conducive to flat foot and varicose veins.

Wages paid to laundry workers are low and inadequate. Median annual wages for women laundry workers in New York State were $769 in 1926. In 1928 a large sample studied by the Department of Labor showed median weekly wages for the United States to be $14.65 for all women workers, $16.10 for white women workers and $8.85 for Negro women. These are among the lowest wages paid to any industrial group. Not only are the actual and potential supplies of laundry workers large but the nature of the demand for the service also contributes to perpetuate low wages. Since

the great growth of the laundry industry has been based on removing the washing from the home, the price factor is a very vital one, the wage bill constitutes a large portion of the cost of operation and must be kept low if the housewife is to be induced to send her washing out.

The United States Women's Bureau found that in 1927-28 that most common schedule for women was 48 hours per week (34.8 percent) but that 51.6 percent worked over 48 hours and 13.7 percent over 54.

In 1929 there were thirty-three state and interstate associations of employers in addition to many local boards of trade or associations, as they are variously called.

NOTES AND SOURCES

(1) Condensed from Encyclopaedia of the Social Sciences, Volume IX, Laundry and Dry Cleaning Industry by Alice C. Hanson.

(2) From Mechanization in Industry by Harry Jerome, National Bureau of Economic Research, 1934, Page 173, under sub-title--
Mechanization of Household Tasks
"Many modern tendencies lead indirectly to an increased mechanization of household tasks by transferring them from the home to the factory. The increasing proportion of families who live in apartments and perform few household tasks, the rise of the power laundry, the increasing resort to canned goods, prepared breakfast foods and bakery goods--are illustrations of tendencies which either reduce the labor required to maintain a household or transfer much of it from the individual household to the more or less specialized factory with its relatively greater use of mechanical equipment. Some of these tendencies are by no means entirely new, but most have been accelerated in the post-War period. From 1919 to 1929 the number of wage earners employed, on the average, in establishments with value of product $5000 or more, had increased from 130,489 to 233,187 in power laundries, from 18,408 to 59,148 in dyeing and cleaning establishments using mechanical power, from 76,326 to 98,866 in the canning and preserving of fruits and vegetables, and from 140,477 to 200,841 in the manufacture of bread and other bakery products. In 1919, 35 persons in each thousand of the total population were employed in the four industries just mentioned; a decade later, 49 persons. In the same period, employment in manufacturing as a whole was declining."

GENERAL CHARACTERISTICS OF THE POWER LAUNDRY INDUSTRY IN NEW YORK STATE

The laundry industry has had a phenomenal growth. In 1909 the census of manufactures officially recognized the industry as "having reached such proportions during recent years that it should no longer be omitted from the Industrial Census." In 1919, according to the census, the industry had 535 power laundries and 11,998 wage earners in New York State. In 1929, the number of laundries had increased to 776, and the number of wage earners to 31,391. As the following table shows, for the census years for which figures are available, there has been a rapid, uninterrupted growth from 1919 to 1929 in the number of workers employed and the amounts received for laundering services.

The following chart depicts the "Growth of the Power Laundry Industry in New York State, 1919-1929" compiled from the Biennial Census of Manufactures 1919-1929, quoted by Elmer Andrews in "Report of the Industrial Commissioner to the Laundry Minimum Wage Board, July 1933.

Year	Number of Laundries	No. of Wage-Earners (Average for year	Amount Received for work done
Per cent increase 1919-1929	45.0	161.6	243.0
1929	776	31,391	$84,480.552
1927	696	26,740	68,996,800
1925	513	18,263	45,306,613
1919	535	11,998	24,627,441

Census figures also show that the growth of the power laundry industry has greatly exceeded the growth of manufacturing and mechanical industries in New York State. In number of establishments and number of wage-earners, manufacturing and mechanical industries in 1929 were 20 and 10 percent below 1919, but value of product was nearly 12.5 per cent higher. For power laundries, the number of establishments rose 45 per cent during this ten year period, while the number of wage-earners and the amount received for work done were higher by 162 per cent and 243 per cent, respectively.

These figures (1919-1929) collected by the census of manufactures, it should be noted, are restricted to commercial power laundries, and since 1925 have been limited to commercial power laundries reporting receipts of $5,000 or more. They also do not include power laundries operated by hotels and by institutions, and the so-called "hand laundries", although many of these small laundries use some power-driven machinery. To some extent, therefore, the census of manufactures understates the size of the laundry industry.

The laundry industry is one of the principal woman-employing industries. According to the occupation statistics of the United States Census for 1930, there were 20,600 women laundry operatives in New York State. (According to the Directory of New York State Manufactures 1932, compiled by the New York State Department of Labor, there were 19,365 women engaged in power laundries, or 72.5 per cent of the total number of workers in the industry, excluding office workers. The difference between the census figures for 1930 and the New York State Department of Labor figures for 1932 may, of course, be accounted for by the recession in employment during these two years.) The 1930 Census showed that the occupation of laundry operatives ranked eighth among the leading occupations of women wage-earners in the State. Among manufacturing, mechanical and allied industries, laundries were the third largest woman-employing industry in the State.

The laundry industry is a service industry whose operations are confined chiefly to the communities in which plants are located. The industry is therefore widely distributed throughout the State, although as might be expected, there are more laundries in the larger centers of population.

Partly because it is largely a local industry and also a highly competitive industry, most laundries are fairly small in size. As the following table shows, over half of the power laundries in New York State in 1932 employed 24 persons or less, and only 46 laundries, or less than five percent, had 100 or more employees.

Number of Power Laundries and Employees in New York State 1932, by size of laundry*

Size of Laundry	No. of Laundries	Total no. of employees	No. of employees in office	shop Men	shop Women
Total-all laundries	930	28,137	1,428	7,344	19,365
Laundries employing:					
Less than 10 persons	298	1,409	30	546	833
10-24 persons	287	4,619	114	1,459	2,946
25-49 persons	197	6,930	347	1,881	4,702
50-99 persons	102	6,999	418	1,637	4,944
100 or more persons	46	8,180	419	1,821	5,940

*New York State Department of Labor, Directory of New York State Manufactures 1932, volume 1 p. 173.

2. LAUNDRY INDUSTRY IN NEW YORK STATE
(1926 to 1933)

During this period three studies of the week's earnings of women employed in power laundries in New York State were prepared by the Bureau of Women in Industry, New York State Department of Labor. These were:

Hours and earnings of women employed in power laundries in New York State. Special Bulletin 153. Albany 1927.
Earnings and working conditions of women employed in power laundries in Greater New York and Westchester County in 1929. January 1930, unpublished report.
Earnings and working conditions of women employed in power laundries in Greater New York and Westchester County in 1931 compared with those of 1929, May 1931. Unpublished report.

The same laundries were included in the studies in 1929 and in 1931, except three omitted in 1931. The evidence was summarized in the following table.

Week's earnings	April 1926	September 1929	February 1931
Number of laundries	64	51	48
Number of women employed	3,216	1,721	1,743
Median earnings*	$14.67	$15.16	$14.23
*The midway mark of any given number of earnings			
Per cent of women receiving week's earning of:			

Less than $12	20.5	15.3	22.7
" $15	54.6	47.1	59.6
" $20	89.2	92.6	93.3
$20 or more	10.8	7.4	6.7

1926: Rates of pay and weekly earnings both varied widely, ranging from less than $5 a week to $35 a week and over. The amount actually earned by the worker is more important than her rate of pay. As appears from the following table, women in New York State were then earning median weekly wages of $14.67, that is, one half of the women were receiving less, and one half were receiving more than this amount per week. Of the total number, 20.5 per cent were receiving less than $12 for a week's work, and only 11 per cent were receiving $20 a week or more.

1929: The study showed that women's wages in the laundry industry had followed the upward trend in wage levels, and that median weekly earnings had risen to $15.16. Although half of the women received more than this amount, the proportion of those earning $20 a week or more was smaller in 1929, the peak of prosperity, than in 1926. Moreover, more than 15 per cent of the women had a return of less than $12 for a week's work.

1931: Investigation disclosed that, owing to economic conditions, wages had declined from 1929 levels. Median weekly earnings had dropped to $14.23, or by more than six per cent. Nearly 23 per cent of the women earned less than $12 a week while the proportionate number receiving $20 a week or more had further declined.

DROP IN EARNINGS - 1931 - 1933

It is common knowledge that weekly earnings dropped considerably in 1931 and in 1932, with the reduction in rates of pay and working hours. A large number of the laundries visited during May 1933, stated that wage rates had been cut during this period. Some stated that there had been two
10 per cent cuts, others that there had been three cuts. Workers in one laundry had three 10 per cent cuts during that year, in another workers had had three wage cuts between August 1932 and May 1933, totalling 25 per cent. Instead of a percentage reduction in rates of pay, some New York City laundries lowered wages by a fixed amount of $2 or $3 a week. A number of laundries which formerly paid employees on a weekly basis made several reductions in wage rates and later, as an economy measure, calculated weekly earnings according to the number of hours worked, or placed women on piece work in order to save on labor costs.

In one plant women earning wage rates of 26 and 30 cents an hour were cut to 24 and 26 cents and then to 22 and 24 cents, or 15 and 20 percent within a year. Another laundry, which was paying its women at the rate of $13 and $14 a week in May 1932, reduced wages to $11 and then to $9 a week by May 1933. In a third laundry the wages of women receiving $12 to $17 a week were lowered by $1 and $2 a week, but the shaker who was being paid $11 was reduced to $8 per week. In a fourth plant women earning $15 to $18 a week had two wage cuts and in May 1933 were being paid from $11.25 to $13.50 for a five day week. In a fifth plant women being paid 22 to 24 cents an hour on a time basis in 1932 were placed on piece work and their piece rate earnings averaged only 17 to 19 cents an hour in May 1933.

Rates of pay were reduced in all types of laundries, power laundries, hotel laundries, hand laundries and others. Rates were also cut in laundries with varying wage standards. As the following list illustrates, two laundries in which women received from $15 to $22 a week in 1932, were paying from $11.25 to $19.80 a week in May 1933, while two laundries in which wages ranged from $11 to $17 a week, were paying from $8 to $15 a week. Two laundries lowered the daily rate by 50¢ but in one, women had formerly been receiving $2.50 a day, and in the other, women had been receiving $3.75 and $4.75 a day. In other words, laundries having higher wage levels in 1932 and forced to reduce rates of pay during the past year were nevertheless still paying higher wage rates than laundries in which wage rates had always been lower.

RANGE OF WAGE RATES

Laundry	May 1932	May 1933
	Weekly rates	
Plant A	$13 $14	$9
Plant B	11 to 17	8 to $15
Plant C	15 to 20	11.25 to 16.50
Plant D	16 to 22	12 to 19.80
	Daily rate	
Plant E	$2.50	$2
Plant F	3.75 $4.25	3.25 $3.75

Of a group of 175 women employed on a time work basis in 17 laundries in New York State, half had had one cut in wage rates and half had had two or more cuts in wage rates between May 1932 and May 1933.

Of these 175 women, 116 were paid a weekly rate, 44 an hourly rate, and 15 a daily rate. As the following table shows (table appended) the median weekly rates of pay for these 116 women declined from $15.50 to $12.21 or over 21 per cent from May 1932 to May 1933. In 1932, none of these 116 women received rates of less than $11 per week, but in 1933, rates of less than $11 were paid to 31 per cent of the women, and there were nearly three times as many women receiving weekly rates of less than $12 per week. A similar situation existed with regard to women paid hourly and daily rates. From May 1932 to May 1933 the median hourly rate declined from 27 to 23.6 cents or over 12.5 per cent, while the proportion of women receiving less than 20 cents an hour rose from two per cent to over 22.5 per cent. For the smaller number of women on a daily rate, the decline was 13 per cent.

SUMMARY OF SITUATION

In the "Report of the Industrial Commissioner to the Laundry Minimum Wage Board", Elmer F. Andrew summarized as follows (July 1933):

"The wages of women employed in laundries in New York State has been greatly reduced during the last three or four years, so that today large numbers of women are receiving extremely low wages for a full week's work. These wages can hardly cover the cost of food, lodging and other necessities for subsistence. Women employed in laundries have written to the New York State Department of Labor describing the inadequacy of these wages and asking that the State take measures to help them.

"Employers in the laundry industry admit that women's wages in many laundries are below a satisfactory standard. The attempt to adopt a voluntary minimum wage failed partly because of competition in the industry and partly because of the depression. The continuance of the depression has intensified competition and employers have been forced successively to lower wages and prices, with the result that the present situation is a threat not

only to the welfare of the workers but to the entire structure of the industry. Laundry employers have now come to favor the establishment of a minimum wage by law as a means of stabilizing conditions in the industry."

3. LAUNDRY WORKERS UNDER THE MINIMUM WAGE LAW 1933-34

The minimum Fair Wage Act was passed by the New York State Legislature in April 1933. This wage law went into effect in October 1933. Up to August 6, 1934, the law was administered under the terms of a directory wage order, which provided for the use of publicity as the principal means of enforcement. After Aug. 6, the wage order became mandatory.

Both the directory and the mandatory wage orders established minimum rates of 31 cents an hour in the New York City area and 27½ cents an hour in the remainder of the State for a basic week of 40 hours, with time and one half for overtime above 45 hours a week and a ten per cent hourly bonus for a short week of less than 40 hours. These rates applied to all women and minors under 21 years of age employed in laundry occupations.

Within a month after the Wald bill had been signed, the Division of Women in Industry and Minimum Wage began its preliminary investigation of wages of women and minors in laundries throughout the State, as provided in Section 554 of the law. This investigation, covering laundries of various types and sizes in 32 localities, revealed extremely low wages and a complete lack of standardization in rates paid to laundry workers. Hourly rates paid for the same type of work ranged from 13 cents to 50 cents; full-time weekly rates for the same type of work were under $6 in some plants and $18 in others. Women were found working for as little as $6 for a full week of 45 hours or longer, more than a fifth of all the women were receiving less than $8 for their week's work and half were receiving less than $10.41.

The findings of this investigation were presented to a Wage Board for the industry appointed by the Industrial Commissioner, which on August 11, after three weeks of deliberation, submitted a unanimous report and recommendations. Public hearings on this report and on the Administrative Regulations proposed for implementing it indicated general approval of their terms. (These recommendations on standards proposed in the above mentioned report were characterized by Elmer F. Andrews, Industrial Commissioner, as involving "some definite advances...as compared with those established for this industry by the National Recovery Administration.")

Data for all Plants gathered in Nov. 1933

As the first step in enforcing the Directory Order, the Division of Women in Industry and Minimum Wage sent a letter to each laundry employer in the State in September 1933, notifying him of the provisions of the Minimum Wage Law and the Directory Order and including copies of the Order and Administrative Regulations to be posted in the work rooms, together with full instructions regarding the form in which payroll records were to be kept.

As the first evidence of compliance, each employer was requested to send to the Division by Nov. 15, a sworn copy of his payroll for women and minors for the week including Nov 1, 1933. These payroll reports were required for several reasons.

(1) to afford some indication as to whether or not the employer understood the terms of the Order, (2) to make it necessary for the employer to begin keeping payroll records in the prescribed form as soon as the Order went into effect, (3) to provide information on wages and hours throughout the industry, which could be used for comparison with similar data to be obtained from time to time in order to show the trend of laundry wages, and (4) to indicate which employers, deliberately or through misunderstanding were violating the terms of the Wage Order, to show in what localities or branches of the trade low wages were prevalent, and in similar ways to indicate to the Division where the need for inspection and enforcement activities was greatest.

The information obtained from the November payroll records served as a basis for the enforcement activities of the Division. Payrolls were secured from 2,210 commercial laundries employing 21,453 females and 872 male minors. Of these, 1,868 laundries employing 17,600 women and minors were in the New York City area and 342 employing 4,725 women and minors in other localities. An analysis of these payroll reports showed that almost three-quarters of the laundries (1,613 or 73 per cent of the total reporting) were complying with the terms of the Wage Order. In these 1,613 establishments no women or minor was being paid less than the minimum rates, including the 10 per cent bonus for short time, and time and a half for overtime beyond 45 hours. In 1,019 of these laundries, or 46 per cent of all the laundries, more than half the women and minors were receiving wages which were higher than the minimum provided by the Wage Order for the hours worked.

There were 592 laundries, however, or 27 per cent of the total, which were not complying with the terms of the Directory Order. In some of these establishments only one or two workers were receiving less than the minimum, in others, all the employees. The sworn payrolls of all these laundries, however, showed that wages of some of their employees were below the minimum required for the hours worked. The proportion of laundries paying less than the minimum rates was slightly greater in the New York City area than in the remainder of the State (27 per cent as compared with 24 per cent) On the other hand, half of the laundries in the New York City area, as compared with only a fourth in the remainder of the State, were paying at least half their women and minor employees more than the minimum prescribed by the Directory Order.

Enforcement

Widespread non-compliance was reported in Brooklyn and the Division immediately set in motion an inspection of all Brooklyn laundries. Employers in the Metropolitan district were summoned to the Department of Labor and warned The penalty provided by the Minimum Wage Law for failure to comply with the wage provisions of the Directory Order was the publication of the names of none complying firms. In March 1934, many employers were called in to account for reported violations.

As a result of the publication of names and the accompanying publicity many of the laundries on the original violation lists published later came into compliance with the terms of the Wage Order. The number of laundries summoned to the hearings and the number published were as follows:

Locality	Number of Laundries summoned	Number of Laundries published
Brooklyn	151	42
Manhattan	172	35
Bronx	64	8
Queens	39	3
Richmond	7	0
Westchester	25	0
Nassau	22	0
Albany	3	1
Rochester	8	0
Buffalo	19	0

EFFECT OF THE DIRECTORY ORDER ON WAGES OF WOMEN AND MINORS IN LAUNDRIES

On July 2, 1934, nine months after the law went into effect, Frieda S. Miller, Director Division of Women in Industry and Minimum Wage, submitted a report to Elmer F. Andrews, Industrial Commissioner, entitled: THE EFFECT OF DIRECTORY ORDER NO.1, ON THE WAGES OF WOMEN AND MINORS IN LAUNDRIES IN NEW YORK STATE AND THE NEED FOR A MANDATORY WAGE ORDER GOVERNING LAUNDRY OCCUPATIONS. The following data is a condensation of the material that appeared in that report.

A comparison of the earnings of women and minors in laundries before and after the Directory Order went into effect showed a definite rise in the wage level of these workers throughout the industry. In May 1933, before the Minimum Wage Law had been applied to laundries, the average (median) earnings of women and minors in the laundries investigated by the Division was $10.41 a week. In November, after the Directory Order had been in effect for one month, average weekly earnings of these workers had increased to $12.12. In May less than a third (31%) of the women were receiving $12.00 or more for their week's work, whereas in November more than half (52%) earned this amount. The increase in earnings is particularly significant in view of the fact that weekly hours had decreased during this period. The average weekly hours of women and minors in laundries were 45 in May and 40 in November. Ninety-four per cent of the women were working less than 46 hours for the week in November, as compared with 60 per cent in May.

It is true that the period from May to November 1933 was a period of rising wages. The 16 per cent increase in average weekly earnings of women in laundries, however, was greater than that in any of the other large women-employing industries of the State during the same period and considerably greater than that in the cost of living. Average weekly earnings of women in representative manufacturing establishments in the State reporting to the Division of Statistics and Information increased only 12 per cent. The cost of living in New York City and Buffalo increased less than 5 per cent during approximately the same period.

Effect on Earnings of 952 Women

Of even greater interest, however, were the changes which took place in the earnings of individual women after the Directory Order became effective. The question arose as to whether the increase in average weekly earnings in

laundries was due to the fact that the wages of a few low paid workers had been increased to bring their earnings up to the minimum required under the Wage Order, or whether the majority of the women in these laundries profited by the increase. Were the rates of workers receiving more than the minimum wage reduced after the Wage Order went into effect in order to compensate for increased earnings among the lowest paid groups?

A comparison was made of the average hourly earnings of 952 women for whom wage data for both May and November were available. Of these women 81 per cent were earning higher hourly wages in November, 13 per cent were earning the same amounts, and only 5 per cent had had a decrease. The increase during this period ranged as high as 22 cents per hour.

Only 89 of these 952 women had received wages in May which were higher than the minimum rates later established under the Wage Order. It was of special interest to know what had happened to the wages of these women after the Wage Order went into effect, for an argument frequently used by those opposed to Minimum Wage legislation is that it tends to lower the wages of the highest paid groups of workers, that the minimum tends to become the maximum wage. Of the 89 women, however, only 5 had had their rates reduced to the established minimum in November, 52 were earning still higher rates in November than they had in May. Further indication that the minimum wage did not become the maximum after the Wage Order went into effect was the fact that in November almost a third (31%) of the 22,095 women and minors employed in laundries throughout the State and 38% of those outside the New York City area were receiving more than the minimum wage required for the hours worked.

Limitations of the Directory Order

In increasing number employees and employers appealed for a Mandatory Order because the non-compliance of a small number of laundries gave these self-same laundries a great competitive advantage in an already highly competitive field. Many firms which desired to carry out to the letter the terms of the Directory Order were forced by this economic pressure to violate the Order. Furthermore, the delays and meagre punishment of the Directory Order's provisions for dealing with violators betokened an early collapse of the entire structure if serious changes were not rapidly made.

After consultations, public hearings, analysis of data, the Industrial Commissioner issued on August 1 Mandatory Order No. L. Governing Women and Minors in Laundry Occupations, to become effective August 6, 1934.

THE ADMINISTRATION OF THE MANDATORY WAGE ORDER

The Mandatory Wage Order had been in effect for six weeks. Frieda S. Miller, Director of Division of Women in Industry and Minimum Wage, analyzed the situation as follows in the October 1934 INDUSTRIAL BULLETIN, New York State Department of Labor

"Although the enforcement experience is of course too brief to serve as a basis for a comprehensive report, it does indicate that the laundry industry in Greater New York has accepted and with few exceptions in complying with the terms of the Wage Order.

Under Section 565, Paragraph 2 of the Labor Law, an employer who pays to any woman or minor employee less than the minimum rates applicable under a mandatory wage order is guilty of a misdemeanor pubishable by a fine of not less than $50 nor more than $200 or by imprisonment of not less than 10 nor more than 90 days, for each employee paid less than the minimum rates and each week in which any employee is so paid less. Section 566 of the Minimum Wage Law further provides than an employee paid less than the minimum wage established under a mandatory order may recover from the employer the difference between the wages paid and the minimum wage due such employee.

During the first month and a half since the Mandatory Order was issued the inspectors of the Division have visited practically all of the 1,868 laundries in the Metropolitan area and have recently begun inspection in other sections of the State. During this time, 207 plants have been found in which women and minors were being paid less than the minimum rates established. Adjustments have been made in most of these plants by the inspectors who have collected for the workers the differences between what they actually received since the Mandatory Order went into effect and what they should have been paid under the terms of the Order. Inspectors have already obtained the payment of $1,693.51 in back wages to 889 women and minors during the first six weeks under the Mandatory Order. On one day alone the inspectors obtained $214.65 for 143 employees in 10 plants, on another day they collected $350.10 for 50 women in two plants. In the few cases in which such adjustment has not been possible and the employer has refused to pay the minimum rates, prosecution proceedings are now under way.

4. WAGE RATES DECREASE FOLLOWING COURT'S NULLIFICATION OF WALD ACT*

During the period in which it was administering a laundry wage order under the Wald Minimum Fair Wage Act (1933-36) the Division of Women in Industry and Minimum Wage provided, as one of the means of enforcing that Order, for an annual sworn payroll report in writing from every laundry establishment employing women or minors. After the Act was declared unconstitutional on June 1, 1936, the Department of Labor no longer had the power to regulate wages in the laundry industry. Nevertheless, interest in the effect of this Law's invalidation on wages was such that a request was made to each laundry in the State to submit a copy of its payroll for the week ending Oct. 31, 1936, as in previous years when the Wage Law was in effect.

The industry responded to this request with a remarkable degree of cooperation. Out of a total of 2,031 laundries which had reported for a comparable week on 1935, there were only 43 laundries in the entire state for which records were not forthcoming in 1936 in time to be used for tabulating purposes. Five of the 43 laundries submitted payrolls later. These five employed 71 females and male minors, of whom 59 received less than the minimum wage rate. The fact that so many of their employees were paid below the minimum rates may have had some bearing on the fact that the payrolls were sent in so late.

An analysis of the 1,988 payrolls submitted shows signs of business improvement in the laundry industry since median weekly hours of employees have increased by approximately one per cent and the number of employees has increased 5.2 per cent over November 1935. According to M. R. Wieser & Co.

*This report on laundry payroll data was prepared by the Division of Women in Industry and Minimum Wage. It appeared in The Industrial Bulletin, Feb. 1937.

Certified Public Accountants who compile statistics on the laundry industry in New York and New Jersey, the volume of business for New York laundries for the week ending Oct. 31, 1936, increased 7.1 per cent over the same week in 1935, while retail prices for laundry services remained stationary.

HOURS INCREASE, WAGES DECREASE

In spite of these favorable signs, the payroll survey for October 1936 as compared with November 1935 revealed a decrease in the median hourly wage rate for laundries of nearly one per cent.

In these reports received by the Department of Labor from factories which separately report payrolls for women workers, an increase of 6.2 per cent is shown in the average weekly earnings, of these workers. These workers represent women in all industries, including laundries. Their wage increases are due in part to increases in hours worked per week. But in the laundry industry, while the median work week of women and minors increased some 18 minutes, the median weekly wage not only failed to increase pro rata nine and one-half cents but decreased two cents..an actual decrease of the median weekly wage rate of 11 and one half cents, or not quite one per cent.

The median wage for female and male minors employed in New York State laundries in November 1935 was $13.42 median weekly hours were 41.8. In October 1936 the median wage had dropped to $13.40 and the median weekly hours had increased to 42.1.

While these variations are so slight that they might happen in ordinary fluctuations even under the Minimum Wage Order, it is significant that the increased hours and the decreased wage had occured within four months after invalidation of the Minimum Fair Wage Law by the Supreme Court and in spite of sincere attempts by Laundry Associations to maintain higher wage standards.

Those actually affected by the wage reduction (something more than half of all laundry women workers) of course, suffered more than the one per cent wage decrease shown by the industry as a whole. In laundries employing from 10 to 24 workers the wage decrease from November 1935 to October 1936, was three per cent, in laundries employing from 50 to 99 workers, 1.3 per cent; those employing 100 to 199 workers, 1.2 per cent. These three classifications employ more than 50 per cent of the women laundry workers.

Laundries employing less than ten workers..this includes more than 98 per cent of all hand laundries reporting..show a wage increase of approximately one per cent. Laundries employing more than 300 workers also show a wage increase of 0.8 per cent. These two groups, however, employ less than one-fourth of all the workers. See table IV.

Median Week's Earnings & Median Week's Hours for Laundry Employees, Nov. 1935..Oct. 1936

	Median Week's Earnings	Median Week's Hours
November 1935.	$13.42	41.8
October 1936.	13.40	42.1

From the record of payrolls submitted it appears that the total number of women and minor employees in New York State laundries receiving less than minimum wage rates in November 1935 was 295; in October 1936 the number rose to 4,051. In November 1935, the number of plants paying at least some of their workers less than minimum wage rates was 122, whereas by October 1936, the number hadincreased to 636. On the 1936 payrolls there were instances where women worked a full week and received as low as 18 cents an hour. One male minor was paid $5 for a 63 hour week.

Compliance of Laundries with Minimum Wage Rates November 1935 October 1936

Date	Total Reporting laundries	Laundries below minimum rates	Paying at minimum rates	Employees above minimum rates
		Number		
November 1935.	2,046	122	732	1,192
October 1936.	1,968	636	293	1,059
		Per cent		
November 1935.	100.0	6.0	35.8	58.2
October 1936.	100.0	32.0	14.7	53.3

The percentage of employees receiving at least the minimum wage rates dropped from 56.5 in November 1935 to 38 in October 1936, while the percentage receiving less than minimum rates rose from 1.3 in November 1935 to 18.2 in October 1936. These changes indicated that the breakdown of the minimum wage standards was at the expense of those lower paid employees who in November 1935 were protected by the Law. It was the marginal unskilled worker who suffered since the percentage of employees receiving more than minimum wage rates rose from 42.1 to 43.8 during this period. The contention that the minimum becomes the maximum is contradicted by the fact that the percentage of workers receiving more than minimum wage rates increased steadily during the period when the Minimum Wage Law was in effect from 31.2 per cent in November 1933 to 42.1 per cent in November 1935.

Employees receiving wages above, below and at the minimum rates November 1935 - October 1936

DATE	Total number of employees reported	EMPLOYEES WHO WERE PAID			Handicapped workers with sub-standard permits
		Below minimum rates	At minimum rates	Above minimum rates	
		Number			
November 1935	21,892	295	12,379	9,216	2
October 1936	22,233	4,051	8,442	9,738	2
		Per cent			
November 1935	100.0	1.3	56.5	42.1	*
October 1936	100.0	18.2	38.0	43.8	*

*Not computed owing to small number involved.

Commenting on the significance of the above data, the report concludes in part with these observations.

"The unfavorable decision of the United States Supreme Court marked the beginning of the gradual breakdown of the standards set by the Minimum Wage Order. The reason why the breakdown was so gradual can be partly understood when one considers that:

1. In Greater New York City 37 laundries, claiming 75 to 80 per cent of the business in that area, joined together voluntarily to support the principles embodied in the Law and spent considerable sums of money in advertising their stand and soliciting the support of laundry patrons for their endeavor.

2. The Law had been in effect for approximately three years.

3. Workers who have had guaranteed rates for three years will not accept reductions without protest and

4. It takes considerable time to change bookkeeping and accounting systems that have been established for so long a period.

That wage standards have been depressed since the Law was declared unconstitutional is shown by the payroll records submitted but what is more important is that the unstable minority element of the industry appears to be the active factor in depressing the standard. Ten per cent of the laundries continually lowering their wage standards may plunge the entire industry into a state of chaos. This vicious circle, if again permitted to operate freely, may well result in a return to the cutthroat tactics which were common before the Minimum Wage Laws went into effect."

CONCLUSIONS

In the way of a supplement amplifying the conclusions arrived at by the Division of Women in Industry and Minimum Wage, the following additional considerations appear to be vital to the writer.

1. Real Wages. Admitted that the breakdown in standards since the invalidation of the Minimum Wage Law have as yet been slight, it is important to note that aside from the comparison of wages in November 1935 to October 1936, the matter of the cost-of-living necessarily entires into the picture in a discussion of what happened to the real wages. The following index shows that the cost of living has risen and consequently the loss in real wages has been greater than that indicated by the figures cited above:

INDEX NUMBERS OF COST OF LIVING IN THE UNITED STATES, IN NEW YORK CITY AND IN BUFFALO* (AVERAGE 1923-25-100)

DATE	UNITED STATES	NEW YORK CITY	BUFFALO
1935 March 15.	80.6	83.6	81.6
July 15.	80.4	83.1	82.0
October 15.	80.7	83.4	81.6
1936 January 15.	81.3	84.2	82.5
April 15.	80.6	83.0	81.8
July 15.	82.0	83.8	84.1
September 15.	82.4	84.4	83.3
December 15.	82.4	84.3	83.8

*Figures furnished by United States Bureau of Labor Statistics

2. Concurrently with this beginning in the deterioration of the real wages of the laundry workers, is the increasing volume of output of laundries. Thus while the capacity of the laundry industry to pay at least the standards of the former Minimum Wage Law, and above those standards, constantly increases, laundry labor's share in recovery diminishes. The statistics quoted from M. R. Wiser & Co, Certified Public Accountants, for New York Laundries on increasing volume of business, clearly bear out this contention. This consideration hold good nationally as is borne out (though inadequately due to omission of statistics on output or business volume, and profits) in the survey of Leo Wolman for the National Bureau of Economic Research, "The Recovery in Wages and Employment", December 1936.

Laundries	Employment	Payrolls	Average Capita Weekly earning
1933	78.8	59.5	$14.74
1934	81.3	64.9	15.02
1935	81.5	66.9	15.55
1936	85.6	73.4	16.04 *

*(Average of the first eight months only)

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